



ANACONDA MINING ACQUIRES THE SAN GABRIEL IRON ORE PROSPECT IN CHILE

September 20, 2007

FOR IMMEDIATE RELEASE

TORONTO – Anaconda Mining Inc. (“Anaconda” or “the Company”) (TSX:ANX), (FRANKFURT:GJ2) is pleased to announce the acquisition of the right to earn a 100% interest in the San Gabriel iron ore prospect located approximately 1000 km north of Santiago near the coastal city of Chanaral. The prospect consists of 1700 hectares of exploration concessions and includes four magnetic anomalies; two of which have seen limited past exploration activity by Rio Tinto (which included the drilling of 11 RC holes)

Location:

The San Gabriel Prospect lies 70 km NE of the port city of Chanaral, a small city on the Pacific coast that has significant deep sea port infrastructure for iron ore exports. As a result of the direct shipping access to the Asia-Pacific region, a number of iron mines in Chile and Peru are being evaluated for start up or have resumed operations.

History and Geology:

The prospect was discovered by Rio Tinto in 1997, during a reconnaissance exploration program that consisted of ground magnetics and scout drilling. Rio Tinto’s scope was primarily the discovery of IOCG deposits or very large (i.e. billion ton) Fe deposits. Rio explored the property in 1997 which included the drilling of 11 RC holes targeting magnetic anomalies. The property was subsequently returned to the vendors as Rio determined the discovery of the San Gabriel iron ore mineralization was not sufficient to meet their threshold of interest.

The prospect is a typical iron-magnetite skarn associated with dioritic intrusives of Jurassic to lower Cretaceous age and which intruded andesitic volcanic sequences. These skarn related deposits are typical of the Chile-Peru coastal region and form deposits ranging from a few million tons to billion ton ore bodies such as Marcona in Peru.

While drilling by Rio Tinto showed massive magnetite over 20 meter widths and stockwork zones ranging between 30 and 250 meters carrying grades up to 36% iron; Anaconda believes the available grades and thicknesses are favourable to define potentially mineable ore bodies, and as such, the Company will explore the untested portions of the four magnetic anomalies. An 8

hole RC drill program has recently commenced with the objective to define iron ore grades and tonnages sufficient for a potential iron ore mining in proximity to the favourable existing infrastructure including the port facilities at Chanaral.

Option Terms:

Anaconda has the right to earn a 100% interest in the San Gabriel prospect by making payments totaling US\$2.4million over four years. The Company has made a US\$20,000 payment on signing. A complete option payment schedule is included for reference in the table below:

On signing	\$20,000
12 months	\$45,000
24 months	\$115,000
36 months	\$500,000
48 months	<u>\$1,720,000</u>
Total	\$2,400,000

John Cook, P.Eng., a designated Qualified Person as defined by NI 43-101 of the Canadian Securities Administrators, is responsible for reviewing the contents of this news release.

Anaconda Mining is an emerging gold producer with a diversified portfolio of advanced stage exploration and development projects in Canada and Chile.

Certain statements contained herein constitute "forward-looking statements". These forward looking statements are based on current expectations. The nature, timing and extent of the exploration programs may materially change from current intentions for a number of reasons. Additionally, "forward looking statements" look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans," "may," "estimates," "expects," "indicates," "targeting," "potential" and similar expressions. These forward-looking statements, including statements regarding the Company's beliefs in the potential mineralization, are based on current expectations and entail various risks and uncertainties. Actual results may materially differ from expectations as more information regarding the property is gathered or if known and unknown risks or uncertainties affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

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